

# Hard facts or hot air?

The Climate Change (Emissions Trading and Renewal Preference) Bill (ETS) has recently hit the headlines again with Federated Farmers President, Charlie Pedersen appearing before the Finance and Expenditure Select Committee to present farmers concerns over the proposed legislation.

The federation wants a climate change policy that is practical, cost effective, and allows New Zealand farming to remain economically viable, and internationally competitive.

This legislation will affect all farmers in the future as it covers agricultural gases such as methane from enteric fermentation and nitrous oxide from animal excrement and synthetic fertilisers.

Ministry of Agricultural and Forestry have provided us with some answers to frequently asked questions about the emissions trading scheme.

Rough estimate of livestock emissions are:

- Average dairy cow = 2500kg/yr CO<sub>2</sub>e
- Average sheep = 330kg/yr CO<sub>2</sub>e
- Average deer = 650kg/yr CO<sub>2</sub>e
- Average beef animal = 1700kg/yr

## Agriculture in the New Zealand Emissions Trading Scheme

### Are any other countries including agriculture in their domestic climate change policies?

New Zealand is currently the only country that has included agriculture in a domestic emissions trading scheme. This is not surprising – the contribution of agriculture to New Zealand's emissions profile is unique internationally. Agriculture makes up almost 50 per cent of New Zealand's total emissions, whereas it makes up about 12 per cent of most developed countries' emissions. New Zealand has no choice but to promptly tackle emissions from this sector.

### Who's in? Who's out? Where is the point of obligation?

The Government has not reached a final decision on where to place the primary

obligations of the emissions trading scheme for agriculture. Its initial preference is for dairy and meat processors and fertiliser companies to be the primary points of obligation, and therefore have responsibility to report emissions and surrender units on behalf of the sector.

### How can New Zealand reduce agriculture emissions without new technology?

At this stage, the opportunities for farmers to reduce emissions (other than by reducing output) are limited to some extent, but they do exist. There is currently greater opportunity to reduce nitrous oxide emissions, such as through the use of nitrogen inhibitors and more effective fertiliser use. Increased use of these technologies will also reduce impacts on water quality.

Improvements in productivity will also reduce nitrous oxide and methane per unit of production. For example, the level of emissions per unit of milk solids has been decreasing by around 1.2 per cent a year over recent years. The ETS will help encourage the development of emissions-reducing technology.

The ETS will also ensure that the cost of carbon is factored into farmers' investment decisions, such as the conversion of land to production systems that result in higher emissions.

### Why doesn't the Government just put more money into researching technologies that will reduce methane emissions?

The Government is putting significantly more money into research, in parallel with increased investment from the sector. But more can and must be done, and the ETS will provide greater incentives for the sector to search out ways to reduce emissions.

Why isn't agriculture coming in earlier when it is such a large emitter?

There are several reasons why agriculture is joining the scheme in 2013 and not sooner. Ensuring systems are in place to meaningfully monitor and verify emissions

is difficult, and devising the right solutions will take some time. Also relevant is the agreement between the Government and the agricultural sector signed in 2002, and the desire to allow sufficient time for the research effort underway aimed at reducing methane-related emissions to take effect.

The Government expects the sector to start taking steps towards reducing emissions before 2013, and it will require the sector to monitor and report its emissions as early as 2011. The five-year period before agriculture enters the scheme will also provide opportunities for:

- pilot farm level monitoring and reporting of emissions;
- increased contribution from the sector towards research into mitigation and adaptation;
- increased sector contribution to technology transfer; in particular commitments to roll out mitigation technology and energy efficiency on farms.

This all means that farmers cannot afford to bury their heads in sand when it comes to emissions trading. It is very real legislation that will affect all farming business, and as Charlie Pedersen said to the Finance and Select Committee:

“As it stands the emissions trading scheme poses a huge economic burden on the main driver of our economy – namely agriculture, which earns the bulk of the nations export dollars.

Analysis produced by the Ministry of Agriculture and Forestry and the New Zealand Institute of Economic Research raises huge concerns about the practicality of the proposals. These figures show that some sections of New Zealand's food producing sector would simply be unviable”

**Extract from report to Golden Bay Federated Farmers supplied by MAF Nelson.**

# NORTH OTAGO

JULY 2008

## Farming - highs and lows

This year has seen some farming sections enjoy unprecedented returns while others have struggled with a combination of low product prices and challenging climatic conditions.



The dairy industry is enjoying exceptional payouts, although some of the extra returns are being absorbed by the increased costs of fertiliser, wages, fuel and feed. Due to the high returns we are seeing, a large amount of land is being converted from other land uses to dairy, which is putting enormous pressure on those industries involved in shed building, milking plant installers, earthmoving contractors and the like.

The sheep and beef industry have had to endure low prices for their meat and wool as well as dry climatic conditions. On top of this there has been a lack of killing space at the works, which has caused extreme frustration and compounded the available feed problem going into autumn. As well as this they have had to endure increases in farm operating costs.

The meat industry is struggling to come together to work in the best interests of farmers to get the best value from the products they are selling. Until this is rectified, I believe there is real concern about the sheep and beef industry going forward.

The grain industry has seen a huge increase in product prices due to the world wide shortage of grain and should stay strong for the short to medium term. The offside to the grain industries fortunes is the pork and poultry industry have struggled due

to the increased cost of grain based feed combined with the returns on their products not increasing accordingly.

As New Zealand farmers, we are more than ever being scrutinised by non farmers and industry groups for the way we farm. The Hon Trevor Mallard in his portfolio as Environmental Minister has made it very clear that he wants to see a marked improvement in the quality of lakes, streams and waterways. Due to this there has been a closer scrutiny of farming practices. More than ever we need to ensure that we develop farming systems that are long term environmentally sustainable.

If we can maintain our advantage of being a low cost pasture based producer, New Zealand farming will be on the verge of increased returns as world population increases and available land to feed the ever increasing population decreases.

Recently we mourned the loss of Peter Patterson. Peter had a long association with Federated Farmers and covered the role of high country representative for a number of years. He was a strong and vocal advocate for farmer's rights.



Bruce in action at the 'Dogs Breakfast' Omarama

Bruce McNab has just finished his tenure on the National Council of Federated Farmers. In his role on the National Council, Bruce was spokesman for RMA as well as challenging the proportion of rates that we as farmers are paying to councils. Bruce put in an extreme amount of work into these areas as well as representing not just the North Otago region, but farmers all over New Zealand. Bruce was a passionate and strong advocate for farmers and his input will be surely missed.

Robert Borst - North Otago President



## Good news of the horizon?

It has certainly been an interesting year with the only thing not changing being the weather. With the dry weather sticking around the need for increased irrigation is stronger than ever. With world food shortages, our future looks bright. This should provide an opportunity for a rise in our meat and wool prices.



Photo courtesy of Neville Wallace - Taranaki Federated Farmers

We are also starting to see demand for cattle and lamb ewes, with an expected shortage of lambs (scanning back 15-30 percent) will be hot property.

### PGG Wrightson and Silver Fern Farms

Is this the catalyst to move the industry forward?

Much has been discussed about where our industry is heading and much has been written by wiser people than me. Let's hope this merger will bring the changes we need to move our industry forward.

Ross Ewing - North Otago Meat & Fibre Chairman



### North Otago Federated Farmers

publishes regular newsletters to keep our members informed

**Provincial President** - Robert Borst, Phone: 03 432 4244

**Meat & Fibre:** Ross Ewing, Phone: 03 439 5292

**Dairy:** Vacant

**Grain & Seed:** Vacant

**High Country:** Vacant

For comments on this newsletter or if you wish to join Federated Farmers please contact:

# Heat still on dairying

We all know dairying is a great industry, it's a great career and it's a primary driver of the economy. It also comes with challenges, both on and off farm. Not least of these is the perception and reality of its interaction with the natural environment, both positive and negative. This aspect of the farming business has been top of the minds of both those working on and off farm, and those who are its detractors, as the results of the Otago Regional Councils hard line on effluent over the last season hit home with fines and convictions in the Environment Court.



There are hundreds of positive examples of best practice in on farm environmental management all over the country, and Federated Farmers makes every effort to promote the adoption of best practice and to promote the good news stories that happen every day. Farmers invest thousands of dollars in environmental enhancement. However Federated Farmers is also involved at the other end of compliance, for those few who for whatever reason do not comply with the Regional Council's farming and community expectations. No one endorses poor environmental practice, but the bottom line is poor practice should not be happening, full stop, end of story.

Federated Farmers are not around to defend poor practice, but we are interested in consistency in monitoring and implementation of the rules and making sure that enduring solutions to any environmental issues, that do arise, are as accessible as possible in a farmer friendly way. We are also in the business of ensuring that there are no further compliance cost implications for all farmers of the Regional Council potentially responding to recent non compliance by introducing stricter or more prescriptive rules.

A group of dairy farmers, representing our members interests, from throughout Otago, met with the Regional Council recently to ensure that compliance is consistent. The messages about what is required are clear and to look at any implications for potential rule changes. As a result, all dairy farmers have received a letter from the Council, outlining exactly what their expectations are and outlining the plan for the annual dairy visit in the coming season.

We would also send a strong reminder that you will be visited again this year, probably on a wet day, probably at your busiest time of year. Make sure your effluent system is compliant 365 days of the year.

Keep at the top of your mind the compliance visit and this season:

- ensure no irrigation of effluent occurs on saturated soils,
- aim for absolutely no ponding or run off when irrigating effluent,
- ensure you have robust and recorded systems for dealing with breakdowns,
- tip top maintenance of your irrigator,
- minimise wastewater coming from the shed,



- check the state of your storage ponds,
- make sure your tracks and races will not result in anything entering a waterway, minimise any leachate from your silage storage and think about the location of your pit or stack longer term,
- keeping waterways fenced and bridging any regular crossings should go without saying.

Remember if you are charged and convicted under the RMA it is a criminal conviction – the real cost is to the environment but also to you personally, irrespective of what the financial cost is. Everyone acknowledges that things can go wrong, take every opportunity to stop it happening and just make sure you have systems to deal with it when it does. You can't afford not to be compliant.

If you are in any doubt about what is required to be compliant please contact one of the land resource team at the Otago Regional Council on 0800 474 082.

**Matt Harcombe - Federated Farmers of NZ Team Leader South Island, Local Policy**

## RECRUIT MEMBERS AND BE PAID!

FEDERATED FARMERS IS LOOKING FOR CONTRACTORS TO RECRUIT NEW MEMBERS.

Earn commission, work in your local area. You choose the hours, when and how your work.

**For more information contact:**  
Di Wyllie on 0800 327 646  
or email [dwyllie@fedfarm.org.nz](mailto:dwyllie@fedfarm.org.nz)



[WWW.FEDFARM.ORG.NZ](http://WWW.FEDFARM.ORG.NZ)

# House of gain

Federated Farmers has been very active in the saga of a new "House of Pain" for Dunedin. While the Federation hasn't actively supported or opposed the stadium, it has been one of the few organisations or submitters who have focused on what rating tools will be used to fund it.



The way the rating system is set up encourages councils to use the easily implemented default system that is capital value rating. This method of funding new projects disadvantages farming businesses because the value of your land bears no

reflection to the services you receive from Council.

The Otago Regional Council has agreed to fund \$37.5million toward the stadium as a "regional" contribution and proposed to fund all of this on a capital value rating system, which would have seen most farmers in the Waitaki district paying around \$350 a year for 10 years to the stadium alone. Due to submissions from Federated Farmers and its member's the council pulled back this figure to 50 percent capital value funding, saving farmers in Waitaki between \$200 and \$400 per farm per annum for 10 years.

While this change was welcomed with open arms by Federated Farmers, the real issue are the funding tools used by councils around the country that continue to haul in over \$8000 a year in rates from most farmers. This figure means rates are often in the top three farming expenses.

**Matt Harcombe - Federated Farmers of NZ Team Leader South Island, Local Policy**



## Employment Seminars Mark you diary now!!

4 November 2008, 10am  
Federated Farmers Building, cnr  
Tancred & West Streets, Ashburton

4 November 2008, 7:30pm  
Farming House, 23 Butler Street,  
Timaru

5 November 2008, 9:30am  
RSA, Itchen Street, Omarau

5 November 2008, 3:30pm  
Golden Gate Lodge, Barry Avenue,  
Cromwell

**For more information or to register  
phone: 0800 327 646**

## Call for leaders

Federated Farmers runs two leadership courses for up-and-coming farming leaders. The programme is important to the Federation's succession planning. Programmes are highly interactive, delivering information using practical methods and workshops to suit hands-on types. The two courses promote both leadership and team building.

If you think that you can make a difference with some polished leadership skills give your President, Robert Borst a call, 03 432 4244, to discuss attending a course.

**2008 course dates:  
Getting Your Feet Wet  
26-27 November 2008**

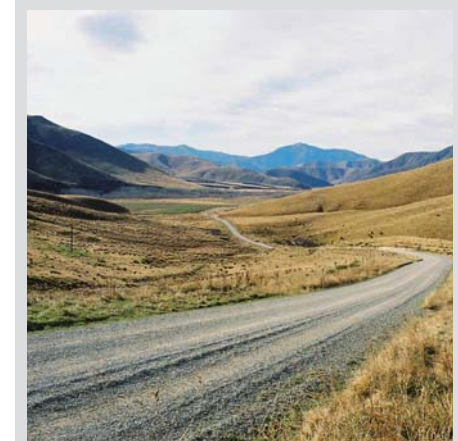
**Advanced Leadership Skills  
3-4 December 2008.**

# Link to funding key to roading success

The Waitaki District Council recently undertook a consultation process to look at ways of improving the maintenance of roads in the district. Some reasons for the change were to set realistic goals for the districts roading network, prioritise some key projects and prioritise spending in other areas.

While the Federations' submission supported, in principle, much of what the Council was saying, there were two main areas of concern – who pays for any change in service levels and what do you get for your rates. Federated Farmers' requests to council were to provide a robust framework, a clear plan for when and where roads will be upgraded or sealed and to strongly link community expectations about roading in the district to funding.

A recent Waitaki link article briefly referred to the funding, but inferred that the average resident might pay an extra \$20-\$40, while the average farmer would pay \$500 a year extra. This is further compounded by the key projects identified over the next 10 years, which appear to benefit the whole roading network or tourist network. Federated Farmers will make every effort to ensure that as the roading review progresses, you get fair value for your roading money.



If you want a copy of our submission or if you are interested in being involved as the roading debate continues then email or ring Matt Harcombe on 0800 327 646 or email: [mharcombe@fedfarm.org.nz](mailto:mharcombe@fedfarm.org.nz)

**Matt Harcombe - Federated Farmers of NZ Team Leader South Island, Local Policy**

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